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INFO RUEATRS/DEPT OF TREASURY WASHINGTON DC
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RUEHBUL/AMEMBASSY KABUL 9061
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SUBJECT: PLANNING FOR ROZS: STAKEHOLDERS MEETING ON LOCATIONS

¶1. (SBU) Northwest Frontier Province (NWFP) Chief Minister Ameer Haider Khan Hoti convened an August 21 meeting between provincial and federal officials to discuss the selection of Reconstruction Opportunity Zones (ROZs) in the NWFP and Federally Administered Tribal Areas (FATA). Federal Minister for the Frontier Region Najmuddin Khan and FATA native Hamidullah Jan Afridi, Federal Minister of Environment, represented the federal government. Following the meeting, the NWFP government announced the formation of a standing ROZ implementation committee, chaired by the NWFP Minister of Industries and comprised of representatives from the federal government, NWFP government and FATA authority. The committee has been tasked to identify existing industrial estates in the NWFP and FATA for ROZ designation. The committee will reportedly submit its recommendations to the GOP by the end of September.

¶2. (SBU) Local media reports that provincial and federal officials remain at odds over the location of the proposed zones. NWFP Chief Minister Hoti was quoted as saying that the Government of Pakistan (GOP) will only consider sites that are "ready for investment and already have all infrastructure facilities" for first round site selection. Declaring that the ROZs are a means for employment generation in and around Pakistan's tribal areas, Hoti conceded that the GOP will likely select locations in the settled and more stable parts of the NWFP, in which "economic activities can start tomorrow." In contrast, Federal Minister for the Frontier Region Najmuddin Khan advocated that ROZs be placed in NWFP-administered tribal areas, including Lower and Upper Dir, Swat, Buner and Chitral. Khan reportedly encouraged the GOP to designate the provincial tribal areas as a means of reducing Taliban and extremist influence in the province.

¶3. (SBU) Comment: Collaboration between federal and provincial governments remains critical to the success of the ROZ selection process. All three government entities in question- the federal government, provincial government and FATA authority- will have to cooperate and compromise in order to quickly and effectively designate sites for future ROZs. Post will continue to work closely with the relevant authorities to urge inter-governmental cooperation to ensure that sites with the greatest potential benefit are selected as ROZs. Post also continues to press for cooperation on labor and customs issues in advance of ROZ implementation. End Comment.

PATTERSON